

## Nonmetro Employment and Unemployment Trends Remain Favorable

*Nonmetro employment continued to expand in 1999, although the nonmetro employment growth rate lagged behind the metro rate as it had since 1995. Unemployment rates continued to fall in both nonmetro and metro areas. These trends held consistently across the different regions of the country over the past several years. Employment growth in low-wage nonmetro counties was generally lower than in other nonmetro counties, although this trend was reversed in the early 1990's. Unemployment rates in low-wage counties have remained modestly above the nonmetro average.*

**A**fter 13 straight quarters where metro employment growth exceeded nonmetro growth, nonmetro growth edged ahead during the third and fourth quarters of 1998 (fig. 1). But metro growth again outpaced nonmetro growth throughout 1999. This is in marked contrast to the early 1990's, when nonmetro employment growth rates exceeded metro rates.

Employment grew more slowly in nonmetro areas for most Census divisions in 1998-1999 (fig. 2), continuing trends observed for 1995-98 (fig. 3). The slowest nonmetro employment growth rates over the past year were in the Middle Atlantic and East South Central States. Mountain and East South Central States showed the greatest lag of nonmetro growth behind metro growth.

### Employment Growth Rates Rose Across Nonmetro County Types in 1999

Between 1995 and 1998, annual nonmetro employment growth rates by county type ranged from 0.3 percent to 2.0 percent. Growth rates were minimal for agriculture, mining, manufacturing, persistent-poverty, and transfer counties (0.3-0.6 percent annually) and moderate for government, services, retirement destination, Federal land, and commuting counties (1.3-2.0 percent annually) (table 1).

In 1999, employment growth rates rose for most nonmetro county types. Employment growth remained minimal in mining counties (0.1 percent) and was more rapid in retirement counties (2.6 percent) than in other county types. Growth rates in all other county types ranged from 1.2 to 2.0 percent.

### Unemployment Fell in All Regions of the Country Between 1995 and 1999

Unemployment rates, at their lowest levels in more than 20 years in both metro and nonmetro areas in 1998, fell even further in 1999. Overall, unemployment fell by more than a percentage point in both metro and nonmetro areas since 1995, when the Nation's economic expansion was already several years old (table 2).

This decline in unemployment has been widely distributed geographically. Metro New England and the metro Pacific States saw the sharpest declines in unemployment (-2.3 percent and -2.1 percent, respectively), perhaps reflecting the recent prosperity of the high-tech sector. The Mountain West (-0.8 percent metro, -0.9 percent nonmetro) and the nonmetro West South Central States (-0.8 percent) had the smallest declines. Other regions saw unemployment rates decline between 1.0 and 1.8 percentage points.

Despite these declines in unemployment, geographic differences in unemployment are largely intact. The nonmetro unemployment rate remains about a percentage point above the metro rate, a differential which varies considerably by region. In both 1995 and 1999, the nonmetro unemployment rate was lowest in the West North Central States, where it fell from 4.4 percent to 3.3 percent; in both years, the rate was highest in the Pacific States, where it fell from 9.5 percent to 7.9 percent. Overall, the only changes in the relative ranking of nonmetro employment rates across the nine regions were those occasioned by the smaller declines in the Mountain and West South Central States.

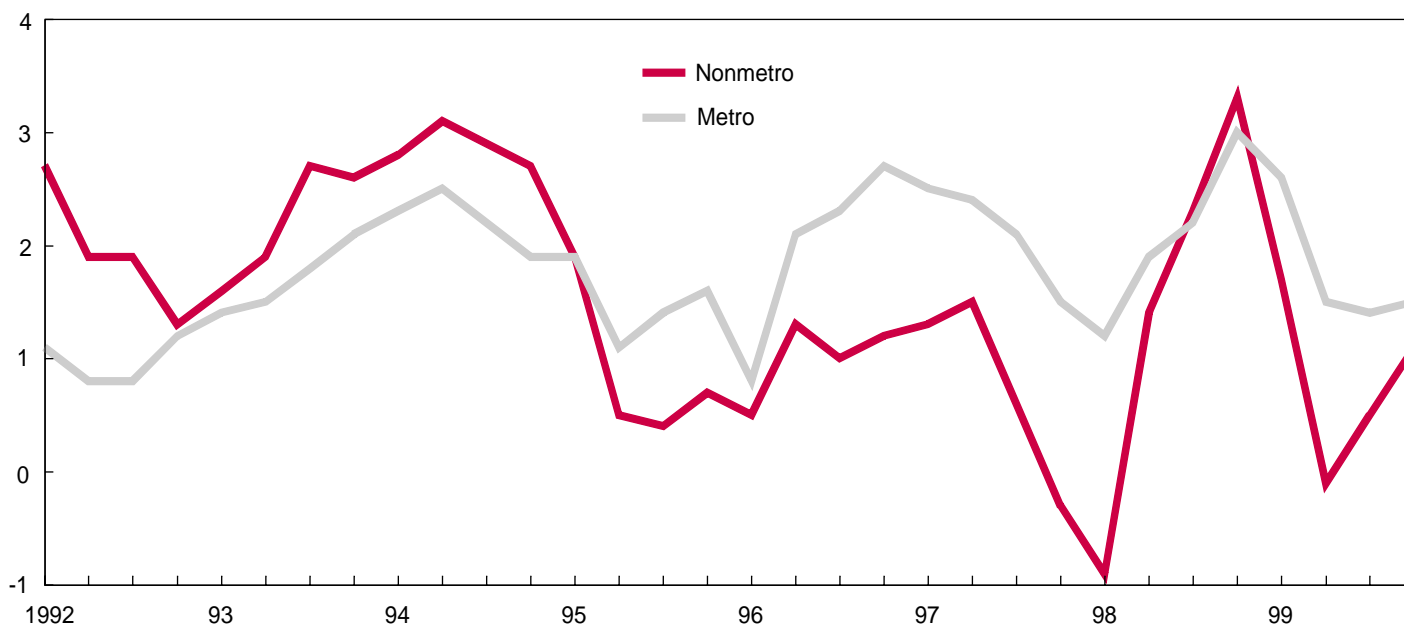
The distribution of counties with stable or increasing unemployment rates is also an indicator of breadth of the unemployment rate decline. Unemployment fell in more than 60 percent of nonmetro counties in each of the six county economic types and five county policy types between 1995 and 1999. It also fell in two-thirds or more of the nonmetro counties in each Census region, except the West South Central (table 3).

Figure 1

### Employment growth, 1992-99

*Metro employment growth continued to outpace nonmetro growth*

Percent



Note: Rate shown is quarterly, seasonally adjusted annualized percentage employment growth, from first quarter 1992 through fourth quarter 1999.

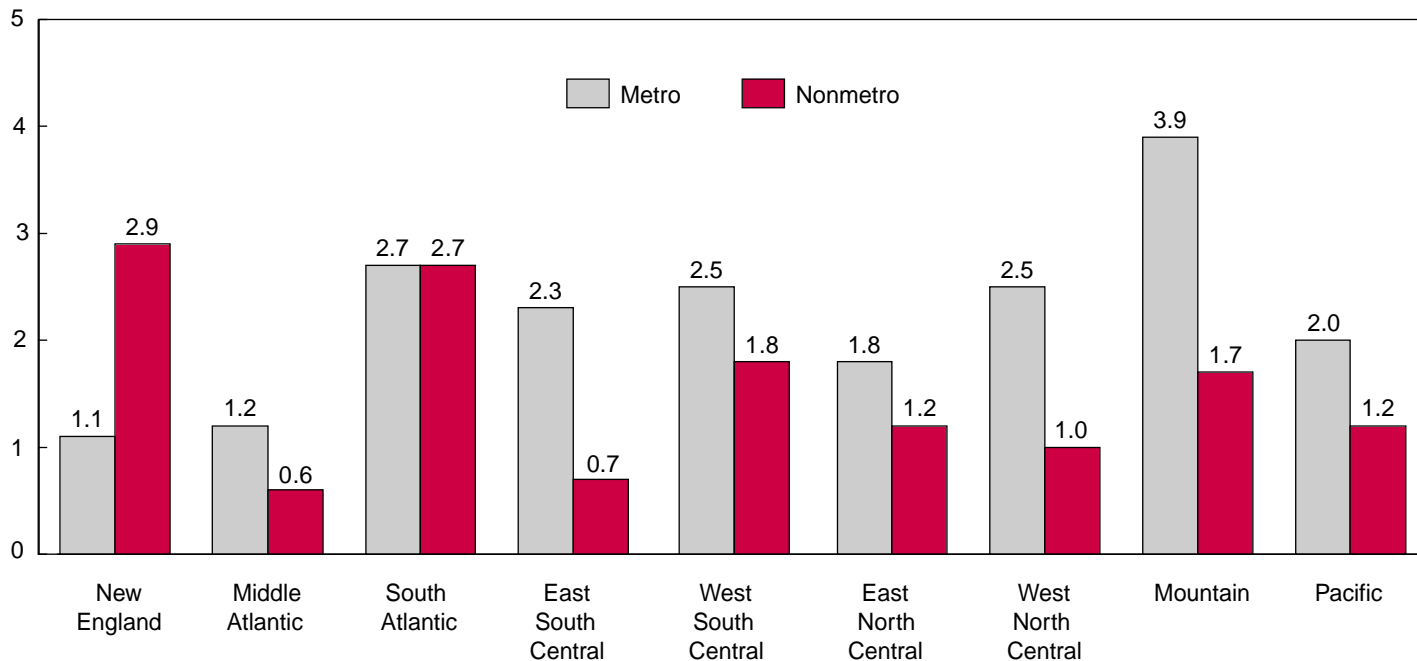
Source: Calculated by ERS from Bureau of Labor Statistics' Local Area Unemployment Statistics.

Figure 2

### Employment growth, by Census division, 1998-99

*Percent metro employment growth has been faster in most regions*

Percent

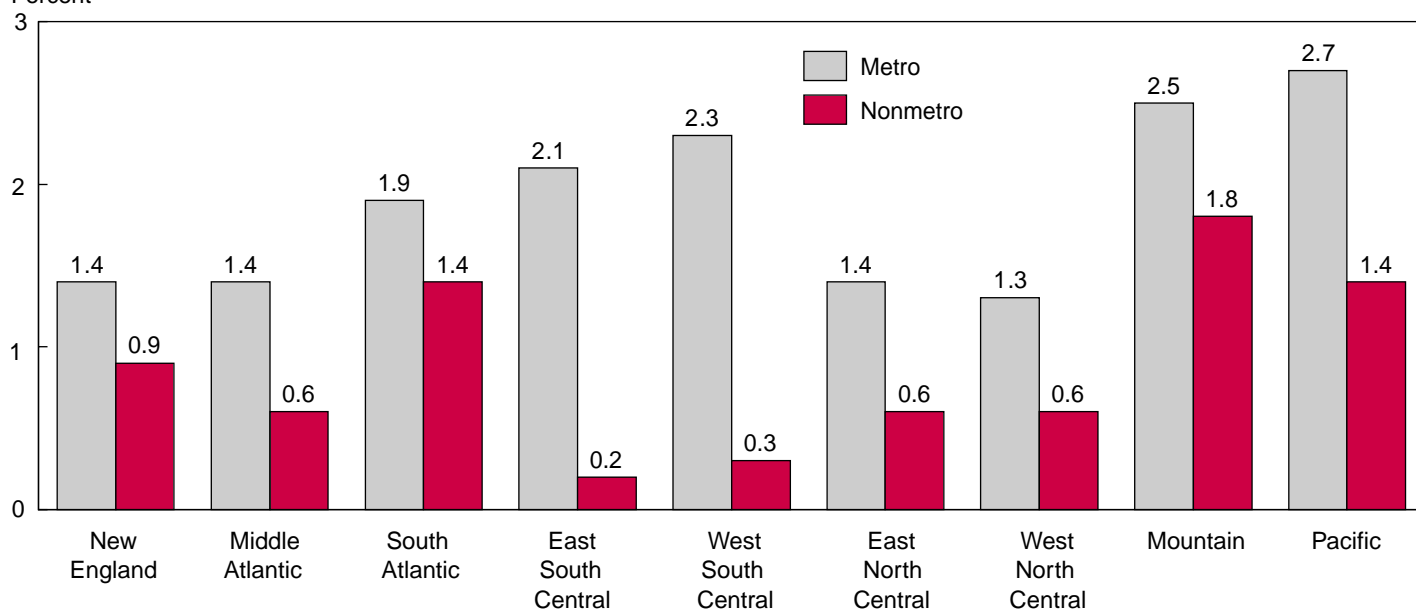


Source: Calculated by ERS from Bureau of Labor Statistics' Local Area Unemployment Statistics.

Figure 3

**Employment growth by Census division, 1995-98***Between 1995 and 1998, nonmetro growth lagged metro growth in all regions*

Percent



Source: Calculated by ERS from Bureau of Labor Statistics' Local Area Unemployment Statistics.

Table 1

**Employment growth in nonmetro areas, by county type, 1995-99***Employment growth for nonmetro county types rose in 1998-99*

Item	Annual growth rates		Change, 1995-99
	1995-98	1998-99	
	Percent		Percentage point
Metro	1.9	2.1	0.2
Nonmetro	.8	1.5	.7
County types:			
Agricultural	.3	1.2	.9
Mining	.6	.1	-.5
Manufacturing	.5	1.4	.9
Government	1.3	1.9	.6
Services	1.3	1.9	.6
Nonspecialized	.9	1.6	.8
Retirement	2.0	2.6	.6
Federal lands	1.5	1.7	.2
Commuting	1.4	2.0	.6
Persistent poverty	.5	1.5	1.0
Transfers	.6	1.4	.8

Source: Calculated by ERS from Bureau of Labor Statistics' Local Area Unemployment Statistics.

## Population and Employment

Table 2

### Unemployment by Census divisions, metro and nonmetro, 1995 and 1999

*Unemployment declined in both metro and nonmetro areas in recent years*

Area	1999		1995		Change, 1995-99	
	Metro	Nonmetro	Metro	Nonmetro	Metro	Nonmetro
	Percent				Percentage point	
U.S. total	3.9	5.1	5.4	6.3	-1.5	-1.3
Census divisions:						
New England	3.1	3.4	5.4	5.2	-2.3	-1.8
Middle Atlantic	4.7	5.7	6.1	7.0	-1.5	-1.3
South Atlantic	3.4	5.2	4.8	6.5	-1.4	-1.4
East South Central	3.3	5.6	4.7	7.0	-1.4	-1.4
West South Central	4.2	5.8	5.7	6.7	-1.5	-.8
East North Central	3.6	4.6	4.6	5.9	-1.0	-1.3
West North Central	2.5	3.3	3.6	4.4	-1.1	-1.2
Mountain	3.5	5.6	4.3	6.5	-.8	-.9
Pacific	5.0	7.9	7.2	9.5	-2.1	-1.6

Source: Calculated by ERS from Bureau of Labor Statistics' Local Area Unemployment Statistics.

Table 3

### Nonmetro counties with declining unemployment rates, 1995-99

*Declining unemployment rates were the norm in all groups of nonmetro counties*

Counties	Declining rate	Steady or rising rate
	Percent	
Metro	94.9	5.1
Nonmetro	79.1	20.9
Nonmetro by Census division:		
New England	97.3	2.7
Middle Atlantic	91.4	8.6
South Atlantic	82.2	17.8
East South Central	83.0	17.0
West South Central	63.6	36.4
East North Central	85.8	14.2
West North Central	81.0	19.0
Mountain	77.6	22.4
Pacific	73.4	26.6
County type:		
Agricultural	72.1	27.9
Mining	60.5	39.5
Manufacturing	81.0	19.0
Government	84.7	15.3
Services	85.1	14.9
Nonspecialized	83.4	16.6
Retirement	85.3	14.7
Federal lands	78.9	21.1
Commuting	86.3	13.7
Persistent poverty	74.6	25.4
Transfers	80.6	19.4
Nonmetro by low-wage:		
Low-wage	75.9	24.1
Other	79.9	20.1

Source: Calculated by ERS from Bureau of Labor Statistics' Local Area Unemployment Statistics.

Unemployment rates did not decline in some areas, however. Clusters of counties with stable or rising nonmetro unemployment rates appeared in the coastal plains of Georgia, south-central Kentucky, Mississippi, Arkansas, Illinois, the northern Great Plains, western Texas, New Mexico, Oregon, and Alaska (fig. 4).

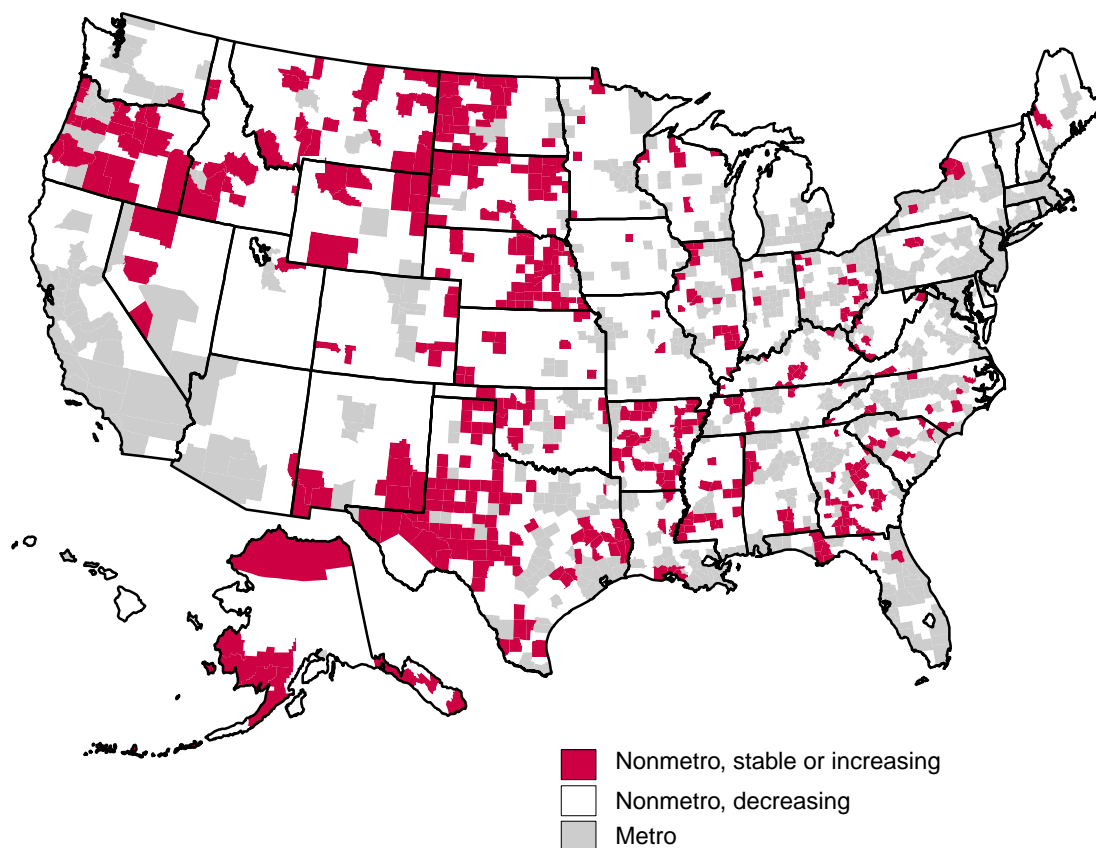
In the northern Plains, the unemployment rate increases were mostly small, the base level of unemployment was relatively low, and the areas affected were mostly sparsely populated, limiting the importance of these increases. The numbers affected by unemployment increases were somewhat greater in the rural South and Southwest and in Oregon.

These clusters were not dominated by any particular county economic type. While unemployment was more likely to increase in farming, mining, persistent-poverty, and low-wage counties than in other counties, it also rose in about 15 percent of the nonmetro counties outside all these categories. Many observed increases in unemployment rates may reflect local factors, such as plant relocations.

Figure 4

**Change in nonmetro unemployment, 1995-99**

*Unemployment increased in many nonmetro counties in the upper Great Plains and South Central States*



Source: Calculated by ERS from the Bureau of Labor Statistics' Local Area Unemployment Statistics.

### Low-Wage Counties' Employment Growth Outpaced Nonmetro Average in Early 1990's

Employment growth trends in nonmetro low-wage counties have generally moved with employment growth trends in nonmetro areas as a whole (fig. 5). Compared with all nonmetro areas, employment growth was slower in these low-wage counties in the latter half of the 1980's and again in the latter half of the 1990's.

However, employment growth in these counties equaled or outpaced growth in all nonmetro counties during the early 1990's. This faster growth partly reflected relatively strong growth in farming-dependent counties during the early 1990's—these counties account for one-third of all low-wage county employment. It also reflected relatively strong growth in low-wage counties relative to higher wage counties in the government-dependent, service-dependent, and retirement-destination categories.

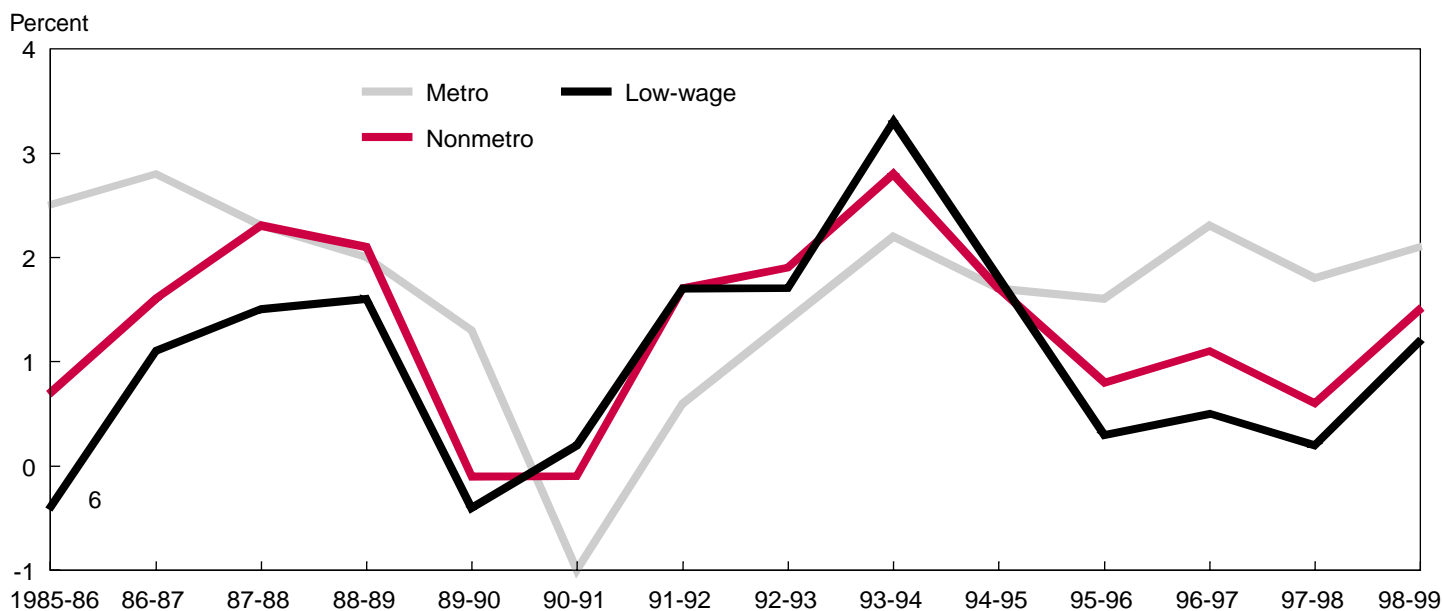
During this period, overall nonmetro employment growth outpaced metro employment growth, suggesting that factors favoring nonmetro areas in the early 1990's operated with particular force in low-wage counties. One factor might be that many firms downsized their white-collar workforces, which tended to be in metro areas and in higher wage counties in nonmetro areas.

The lag in employment growth in low-wage counties during the late 1990's can be seen across several county economic types (fig. 6). The lag is most pronounced in farming- and manufacturing-dependent counties, but is also observed in service-dependent and non-specialized counties. Employment in government- and mining-dependent counties grew at a faster pace when these were also low-wage counties, but these county economic types account for less than one-fifth of nonmetro employment.

Figure 5

#### Employment growth, by metro, nonmetro, and low-wage county status, 1985-99

*Employment growth in low-wage counties has been below the nonmetro average since 1994-95*

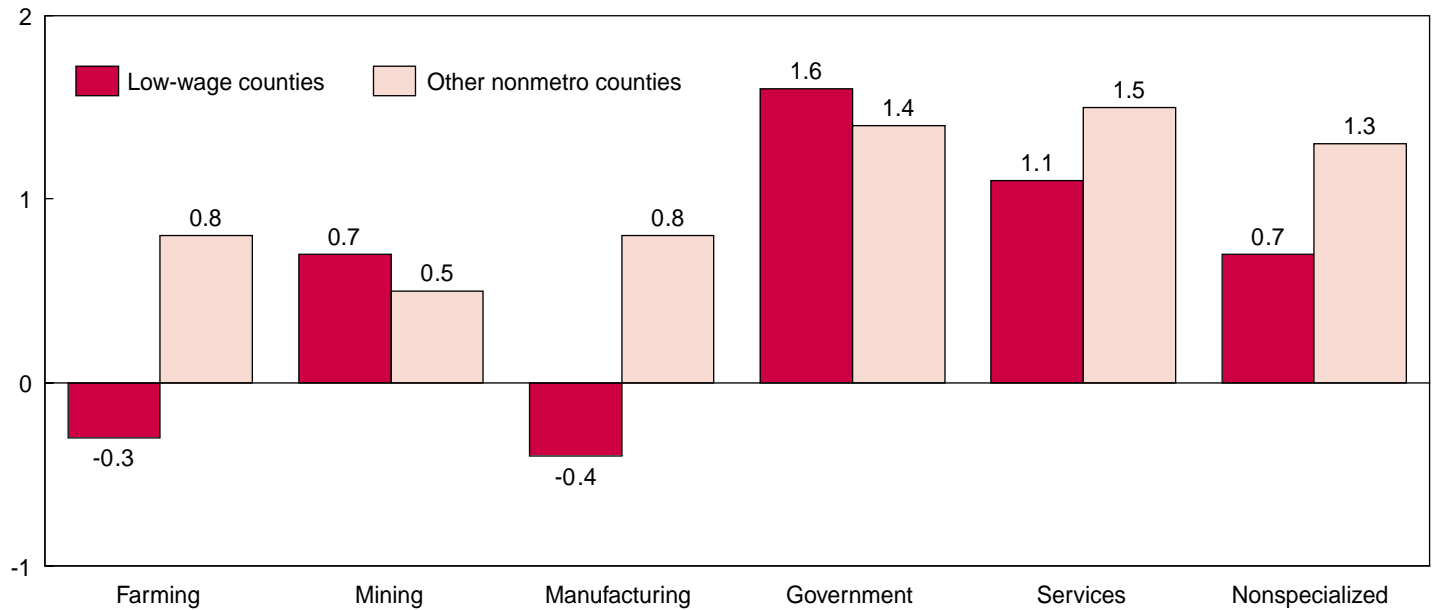


Source: Calculated by ERS from Bureau of Labor Statistics' Local Area Unemployment Statistics.

Figure 6

**Annual average nonmetro employment growth, by county economic type and low-wage status, 1995-99***Taking county economic types into account, employment growth rates are mostly lower for low-wage counties*

Percent



Source: Calculated by ERS from Bureau of Labor Statistics' Local Area Unemployment Statistics.

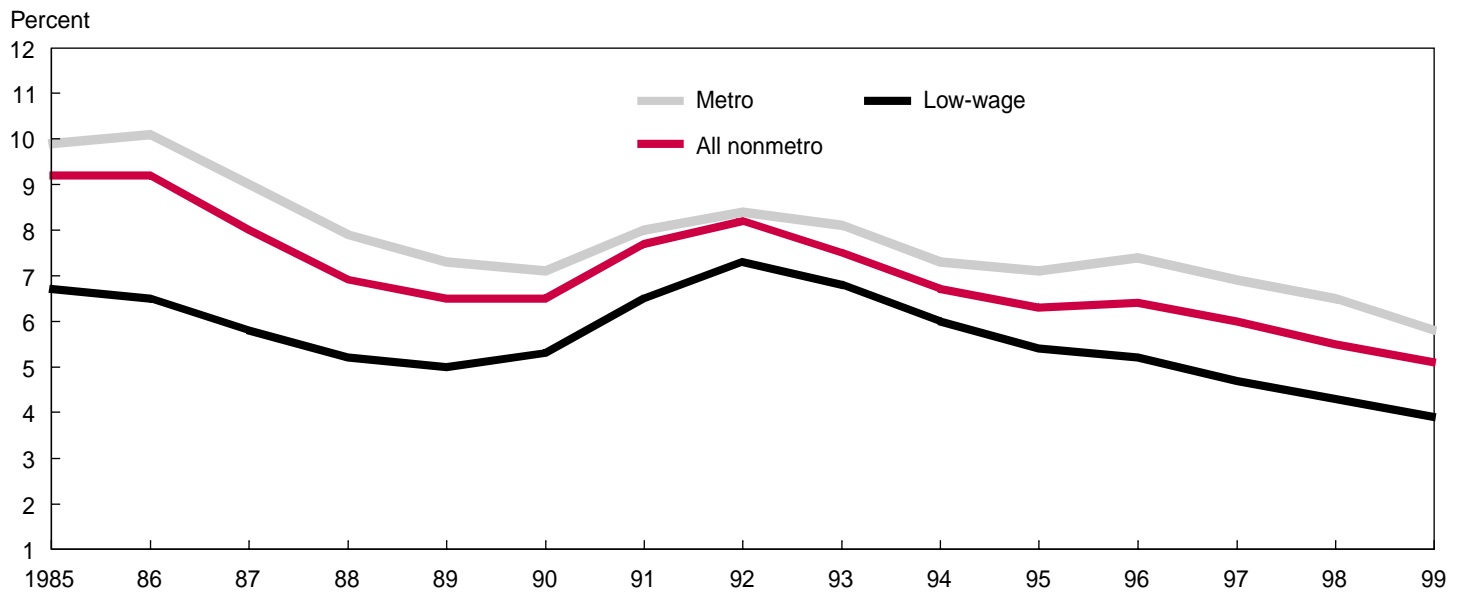
**Unemployment Rates Are Slightly Higher in Low-Wage Counties**

Unemployment in low-wage counties has been somewhat higher than unemployment in all nonmetro counties since at least the mid-1980's. The difference is not large—between 0.6 and 1.0 percentage point in most years (fig. 7). The gap was smallest in the early 1990's, consistent with relatively strong employment growth for low-wage counties in that period. [Lorin Kusmin, 202-694-5429, [lkusmin@ers.usda.gov](mailto:lkusmin@ers.usda.gov)]

Figure 7

### Metro, all nonmetro, and low-wage unemployment rates, 1985-99

*Unemployment rates in low-wage counties are somewhat above the nonmetro average*



Note: Values are annual averages.

Source: Calculated by ERS from Bureau of Labor Statistics' Local Area Unemployment Statistics.